



Housing Methodology Committee Meeting – August 24, 2006

10:00a.m – 12:00 p.m.

San Francisco Bay Conservation & Development District
50 California Street, 26th Floor
San Francisco, CA

Meeting Summary

1. Call to Order/Introductions

The meeting began with introductions of member representatives, interested parties, and ABAG staff. Paul Fassinger, Research Director at the Association of Bay Area Governments (ABAG) provided an overview of the Meeting Agenda.

2. Reports and Updates

Subregions

Mr. Moy provided an update on the subregional process. At the request of the Housing Methodology Committee (HMC), ABAG sent a letter to the Department of Housing and Community Development (HCD) requesting that the deadline for subregional formation be changed from August 31 to September 30, 2006. The request was approved by HCD, with the stipulation that no other deadlines for the RHNA process will change. Mr. Moy noted that the schedule enclosed with HCD's letter granting the extension was not updated to reflect the date change, but that this is simply a clerical error that does not affect HCD's decision.

As of the meeting date, the only subregion to form involves San Mateo County and 15-20 of the cities in the county. Some jurisdictions in Santa Clara County have expressed interest in creating a subregion, but one has not yet formed.

The ABAG Executive Board will adopt a resolution approving the subregions at its next meeting (September 21). The resolution will include approval of any subregions that form by the September 30 deadline.

Focusing Our Vision (FOCUS) Background

In response to a request at the last HMC meeting, Mr. Kirkey provided an overview of the relationship between FOCUS and RHNA. FOCUS is a multi-agency planning effort that builds upon the Smart Growth Strategy/Regional Livability Footprint Project that created a regional vision for growth. The vision resulted in a series of regional policies established in 2002 that direct growth to transit corridors and existing communities as part of a "Network of Neighborhoods."

These policies have already been incorporated into ABAG's *Projections* forecasts. The FOCUS process involves using these policies and regional goals as the basis for working with local governments to identify Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs).

As Mr. Kirkey noted, the schedules for RHNA and FOCUS do not align, which means that it will not be possible to get specific inputs from FOCUS to use in the RHNA methodology. However, Mr. Kirkey

highlighted the fact that there is substantial overlap between the FOCUS goals and the objectives established for the RHNA process. Thus, the goals of each process will inform the other.

Mr. Kirkey mentioned that staff will provide an update on the FOCUS planning effort at the October 12th HMC meeting, including progress in identifying the PDAs and PCAs.

Projections Background

Mr. Fassinger provided committee members with background information about ABAG's *Projections* forecasts. *Projections* estimates housing, population, and employment change for the entire region in 5-year increments through 2035. The forecast uses data about economic trends, demographics, and land use policies to identify development potential throughout the region and to predict areas of future housing and job growth.

ABAG collects the land use policy information used in *Projections* from surveys of local governments and their General Plans. However, the *Projections* forecast does not provide exact information about growth in specific locations, but does show general patterns of growth. Use of local planning information ensures that the areas predicted for growth in *Projections* are consistent with those identified in local land use plans. In this way, growth is also directed away from areas that are unsuitable for development, such as protected open space and agricultural land.

In addition, since 2003, *Projections* forecasts have incorporated smart growth assumptions based on the "Network of Neighborhoods" vision for regional growth—higher levels of growth in existing urbanized areas and near public transit. These policy-based *Projections* assume that, over time, local land use policies will change to promote this growth pattern within the region. However, in the short term, predicted job and housing growth is generally consistent with local General Plans.

Several committee members had questions about the data gathering and review process for *Projections*, and wanted to be sure that comments from local jurisdictions would be incorporated into the forecast. Mr. Fassinger assured them that this was the case, and that local governments would have the opportunity to review the draft *Projections* numbers beginning in mid-September and to provide additional feedback to ABAG for refining the forecast.

During the discussion about the *Projections* modeling process, several committee members had questions about how issues related to spheres of influence (SOI) are handled in RHNA. Since these issues will be addressed at the September 15th meeting, discussion was postponed until that time.

Committee members also had questions about the relationship between ABAG's *Projections* forecast and HCD's determination of the total housing need for the region. Specifically, there was a question about the "alternative process" identified in Section 65584.02 of the RHNA statutes that provides for a different approach for negotiations with HCD about the regional number. Mr. Moy agreed to provide a written explanation of this alternative process for posting to ABAG's website by September 8th.

3. Discussion of Proposed RHNA Factors

Mr. Kirkey led committee members in a discussion about the proposed allocation factors and how they might be incorporated into the RHNA methodology. He began by pointing out that factors allocate shares of the total regional need among jurisdictions and do not change the total need.

In developing the methodology, the committee and ABAG must consider all of the factors outlined in the statute, but not all of them need to be used. Theoretically, a factor could be given a weight of “zero” if it was deemed to be unimportant or unworkable. In discussing the potential factors, committee members were encouraged to keep the methodology as simple as possible, to keep the concept of “fair share” in mind, and to consider the data sources that might be required to make the factor work. For the 1999-2006 RHNA, the allocation was based solely on household and job growth.

Committee members were asked to speak on behalf of a factor that should be included in the methodology and to provide a rationale for why it is important. The first issue raised was locally protected open space which is, at least implicitly, excluded from consideration as a factor by the RHNA statutes. Members highlighted the importance of protected open space to the region’s residents, and their expectation that it will remain protected. There was a general concern that, based on the RHNA statutes, these lands might be considered for future development.

With this concern in mind, the committee’s discussion moved toward the idea of combining all types of protected land (including open space protected by conservation easements or owned by cities as well as Williamson Act and other agricultural lands) into a factor for land “un-suitable” for development. This factor could also include historic preservation districts and areas with geologic constraints.

In trying to determine how best to ensure that open space and agricultural areas are protected, several committee members asked for additional information about how these issues are incorporated into the *Projections* forecast. Mr. Fassinger explained that the *Projections* forecast uses information from local governments about open space, protected land, and development potential from their General Plans and zoning as well as conversations with local planners. This locally generated data is used to inform the predictions about where housing and job growth is likely to occur and to ensure that the growth patterns described in *Projections* are consistent with local plans.

As the discussion proceeded, it became clear that many of the land use issues of concern to the committee, such as protected land, were incorporated into the *Projections* forecast. Given this situation, some committee members proposed that the RHNA allocation factors could be viewed as adding extra protections for what was already achieved in *Projections*. Thus, the allocation factors provide an opportunity to adjust the outcome from *Projections* or to handle issues that people felt had not been adequately addressed.

In addition to the focus on protected land, the committee also addressed the factor related to jobs-housing balance. Many members thought that including jobs as part of the methodology was important to ensuring a good jobs-housing balance. One idea presented was that this factor should be based on the existing balance, rather than projected jobs growth, to keep from penalizing jurisdictions that are adding jobs in order to improve their jobs-housing balance.

During the discussion, a question was raised about whether jobs-housing balance is an appropriate goal when looking at small geographic areas, such as cities and counties. In many cases, the issue of jobs-

housing balance is really about where people drive and underlying job type or income mismatches. For this reason, some committee members proposed that it might make more sense to look at a jobs-housing balance within a commute shed. It was also noted that any analysis of commute patterns should look at public transit corridors, and not just automobile travel.

After discussing these two major issues, the committee examined the rest of the potential methodology factors and edited it to read as follows:

Potential Factors

(*) factors identified by statute

Land Protection

- County policies to protect prime agricultural land*
- Protected open space – lands protected by state and federal government*
- Protected open space – lands protected by regional, county, local, non-profit entities and Williamson Act lands
- Land suitable for urban development or conversion to residential use* (*this includes vacant land, but should also address LAFCO and airport compatibility issues*)

Employment

- Existing and projected jobs-housing balance*
- Home-based businesses

Housing

- Loss of affordable units contained in assisted housing (affordable designation expires)*
- High housing cost burdens*
- Housing needs of Farmworkers*

Growth Policies

- Distribution of household growth*
- Market demand for housing*
- City-centered growth policies*

Physical Constraints

- Water and sewer capacity*

Transportation

- Existing and planned transit

As a result of the discussion about potential factors, the committee came up with several issues for further discussion with HCD:

- Many committee members expressed interest in being able to count assisted living units. There were some questions about a change in the definition of a housing unit since 1990 that might make this easier. The committee needs clarification about the definition from HCD.

- How are students accounted for in the estimates of need, for both total housing units and by income affordability?
- How are the jobs and housing units on military bases factored into the determination of need?

4. Work Plan

In response to a request from committee members, ABAG staff created a draft work plan that outlines the topics for discussion for the remaining HMC meetings. To complete the methodology process, two more HMC meetings were added to the schedule—one on September 15th and the other on October 12th.

In general, HMC members reacted favorably to the proposed schedule and work plan. However, there was concern that the committee meetings end with adoption of the methodology by ABAG's Executive Board in November. There was general consensus that committee members would like to continue meeting through the period in which ABAG negotiates the regional need number with HCD. Committee members requested that additional meetings be scheduled for late 2006 and early 2007, and that ABAG staff provide additional information about what the committee's role should be in dealing with HCD.

Next Steps:

Committee members requested that ABAG staff undertake the following actions:

- Provide a written explanation of the "alternative process" for negotiating the regional need number with HCD.
- Provide draft ideas for incorporating potential factors into the methodology.
- Explain how potential factors are included in Projections 2007, including an explanation of how jobs numbers are generated.
- Post Antioch's proposal for income allocations on ABAG's website.
- Schedule additional HMC meetings through the negotiation period with HCD about the regional need number.
- Draft a list of the questions that the HMC has identified for the meeting with HCD on September 28th.

The next Housing Methodology Committee meeting is September 15th, 2006 from 10 a.m. – 1 p.m.